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REVIEW OF THE WORLD SITUATION AS IT RELATES
TO THE SECURITY OF THE UNITED STATES

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States. Even the U.S.S.R., lacking the requisite naval and air forces, is incapable of direct attack upon the United States or of major military operations anywhere outside the continents of Europe and Asia. The preponderance of readily available Soviet ground strength is such, however, that the U.S.S.R., at will, could speedily overrun continental Europe, the Near East, northern China, and Korea. If the U.S.S.R. were to exercise this capability, the ultimate danger to the United States would be even greater than that threatened by Germany and Japan, to avert which the United States willingly incurred the risk of war.

2. Soviet predominance in Eurasia is, for the present, less a matter of absolute strength than of relative immediately available strength. Only five years ago the Soviet Union was virtually "on the ropes"; it emerged from the war temporarily weakened, despite its acquisitions of territory and satellites. During the same period, however, the power of Germany and Japan was obliterated, that of France and of Italy was severely curtailed, and that of Great Britain was seriously impaired. China also, no great power in 1937, is

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even more weak and disorganized in 1947. Thus the balance of power which restrained the U.S.S.R. from 1921 to 1941 has ceased to exist. The only effective counterpoise to the power of the Soviet Union is that of the United States, which is both latent and remote. Consequently the U.S.S.R., despite its present weaknesses, enjoys an overwhelming preponderance of power at every point within logistical reach of its land forces.

3. Despite this initial advantage, the U.S.S.R. is unlikely to resort to overt military aggression in present circumstances, primarily for the following reasons:

a. Forcible occupation of extensive additional territory, particularly in Western Europe, would impose upon the U.S.S.R. the additional burden of holding in subjection large hostile populations, a task vastly greater than that assumed in the satellite states of Eastern Europe and one likely to overtax the attenuated resources of the Soviet Union.

b. Open aggression would entail risk of a war with the United States ultimately disastrous for the U.S.S.R. Unable to strike directly at the United States, the U.S.S.R. would be exposed to early long range air bombardment with conventional and atomic bombs and to eventual amphibious attack.

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Moreover, Soviet industrial capabilities for the support of large scale, highly developed warfare are and must long remain greatly inferior to those of the United States. The U.S.S.R. would be unable to win a quick decision in such a conflict and could not support a protracted struggle with a determined and resourceful antagonist far beyond its own frontiers.

c. Open military aggression would sacrifice favorable prospects for the further extension of Soviet hegemony by political and economic means. By indoctrination, experience, and personal interest the rulers of the U.S.S.R. are predisposed toward the pursuit of their objectives by conspiratorial rather than by military methods. In the economic dislocation, social unrest, political instability, and military weakness prevailing generally in Europe and Asia they have an unprecedented opportunity to extend the Soviet sphere by politico-revolutionary action at less risk than that entailed by military aggression, and with greater prospect of enduring success.

4. Thus the greatest present danger to U.S. security lies, not in the military strength of the U.S.S.R. and the possibility of Soviet armed aggression, but in the possibility of the economic collapse of Western Europe and of the consequent accession to power of elements subservient to the Kremlin. The economic weakness of Western Europe

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results not only from the physical and psychological effects of the war and consequent economic dislocations within the continent, but also from the loss of claims for goods and services from overseas formerly derived from extensive overseas investments and from a dominant position in colonial territories. The irrevocable loss of a large part of this income from overseas seriously reduces the capacity of Western Europe to pay for imports necessary for the restoration of pre-war levels of production and standards of living; it probably entails a decline in European living standards which must cause profound dissatisfaction, social unrest, and political instability during a prolonged period of readjustment. There are indications that the Kremlin is clearly conscious of this opportunity, and that its present plans for the extension of its power are premised upon the assumption of an impending economic collapse in Western Europe and in the United States.

5. The policy of the U.S.S.R. in the foregoing circumstances appears to be:

- a. To avoid provoking a war with the United States, relying upon the disinclination of the United States to resort to war on its own initiative.

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b. To build up its own strength, in anticipation of eventual war, by:

(1) An intensive program of reconstruction and industrial expansion with particular reference to war industries.

(2) An intensive program of research and development with particular reference to an atomic bomb, guided missiles, and bacteriological warfare.

(3) The development of naval and strategic air forces.

c. To preserve its existing relative predominance in Eurasia by maintaining overwhelmingly preponderant ground strength and by consolidating control of satellite states and occupied areas.

d. To extend its own power and influence and to undermine those of the United States so far as is possible by political, economic, and psychological means, including action to:

(1) Prevent or retard recovery and stabilization in non-Soviet areas.

(2) Fasten on the United States responsibility for continuing dissatisfactions and distress; identify the United States with political reaction, economic imperialism, and

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military aggression; and indentify the Soviet Union as democratic, anti-imperialistic, and peace-loving.

(3) Exploit the weakness, instability, and confusion prevalent in surrounding countries to bring to power therein Communist or Communist-controlled governments.

6. Although the conditions presently prevailing in European and Asiatic countries surrounding the Soviet sphere constitute a danger to U.S. security, stabilization and recovery in those countries would tend to redress the balance of power, thereby curbing Soviet aggressiveness and stabilizing the international situation.

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7. From the point of view of redressing the balance of power the major regions of Europe and Asia, outside the Soviet sphere, are not of equal importance. Western Europe merits first consideration for reasons of both urgency and potential value. The most highly developed of these regions, it is at once the most vulnerable to disorganization and the most favorable for the early development of potential power. It is also most accessible from the center of Soviet power, and conversely, best located for the eventual exertion of restraining pressure upon the Soviet Union. In Western Europe a severe and possibly decisive economic and political crisis now impends. Within the general area the most critical situations exist in the United Kingdom, France, Italy, and Germany.

8. The United Kingdom, supported by the British Commonwealth and Empire, was formerly a major stabilizing influence in world economy and the balance of power, but its capabilities in these respects are now greatly reduced. In view of its critical economic position, it must curtail drastically its overseas commitments, with a consequent reduction of its power and influence abroad. Existing British overseas commitments are so extensive and important that their precipitate liquidation would create a power vacuum prejudicial to security interests of the United States.

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9. Defeat by Germany eliminated France as a major factor in the balance of power. The short-term French economic situation is even more critical than that of the United Kingdom and the French are less able to cope with it, in large measure because of the instability of the internal political situation. The ineffectiveness of coalition governments increasingly encourages resort to arbitrary solutions and so is conducive to political extremes. The Communists are already the strongest single party in France; a swift economic collapse might well lead to their accession to power. A more gradual decline would probably favor a trend toward an authoritarian solution under the leadership of De Gaulle. It is unlikely that either extreme could establish its authority so effectively as to preclude the outbreak of civil war on its accession to power.

10. The Italian economic situation also is desperate and the political situation unstable, for reasons similar to those obtaining in France, with an even greater possibility of Communist accession to power in the event of economic and political collapse. Moreover, the proximity of Yugoslavia makes possible the development of a situation in Italy similar to that in Greece.

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11. In Germany acute economic distress is aggravated by continued partition and uncertainty regarding the future of the nation. The resultant despair is conducive to unrest and favorable to Soviet penetration and influence.

12. As a region, the Near and Middle East is of second priority in point of both urgency and importance (but within this general area the situation in Greece is of great importance and the utmost urgency). The region's human and material resources are inadequate for the development of a significant power potential, but the petroleum of the Persian Gulf states is of vital importance. In terms of strategic location, the region has value both as a barrier to Soviet expansion and as a potential base from which power, developed elsewhere, could be brought to bear on the sources of Soviet strength, outflanking the Soviet position in Central Europe.

13. In Greece the USSR, acting indirectly through Communist led guerrillas supported by the Balkan satellite states, is in actual process of taking over a major portion of the country by force of arms. The Greek Government is apparently unable to cope with this threat. At any time US armed intervention may be required to prevent its collapse and to restore the front. The loss of Greece would not only impair the local strategic position, but would also have profound psychological repercussions throughout Western Europe and the Near and Middle East.

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14. The Soviet effort to penetrate Iran is still being conducted by political and economic means. Iranian refusal of an oil concession to the USSR (until recently probable) would provoke a strong Soviet reaction, including a renewal of subversive activity, though probably not an overt Soviet intervention. If, discouraged by the contradictory attitudes of the United States and the United Kingdom, Iran should grant the concession, Soviet penetration would be facilitated.

15. In contrast to Greece and Iran, Turkey is not susceptible to Soviet penetration. Turkey may be expected to resist Soviet domination in any circumstances, but could not be expected to withstand for long a full-scale Soviet attack.

16. A third general area of concern is the belt of colonial (or former colonial) territories extending across northern Africa and southern Asia. From Morocco to Indonesia this area is disturbed by resurgent native nationalism and communal strife, affecting adversely the economic and political interests of the several European powers (the United Kingdom, France, and the Netherlands) hitherto accustomed to depend on its resources. Armed conflict exists between natives and Europeans in Indonesia and Indochina, and between native communities in India and Pakistan. Between Britain and Egypt the matter is one of international dispute. Unrest is widespread in

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French North Africa. None of these situations bears promise of early stabilization. There is a consistent tendency to bring them before the United Nations, where their effect is to divide the non-Soviet powers.

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In these situations the humanitarian principles of the United States are in apparent conflict with its interest in supporting friendly European powers and in the rehabilitation of Europe on a cooperative basis. The area is not subject to direct Soviet aggression, but the U.S.S.R. is exploiting these situations to create dissension, to undermine the economic and political stability of European states, and to discredit them and the United States.

17 The case of Palestine is in this category, but fraught with peculiar difficulties. Zionist leadership, taking advantage of widespread humanitarian sympathy with the surviving Jews of Europe, is pursuing its objective without regard for other consequences. The Arab reaction is bitter and potentially violent. Arab solidarity and goodwill, strategically important in support of stability in the Near and Middle East, are thereby jeopardized. Partition, as proposed to the United Nations, satisfies minimum Jewish demands, but will be bitterly resisted by the Arabs.

18. The Far East deserves only fourth priority in this reckoning, even though the situation is critical in both China and Korea. The human and material resources of China, in particular are vast, but undeveloped and remote from the power centers of both the United States and the U.S.S.R. It is impossible that either the United States or the U.S.S.R.,

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given the opportunity, could develop them as a significant factor in the balance of power within any period of present concern. It is unlikely that the U.S.S.R. will invest any more effort in this quarter than is necessary to neutralize the influence of the United States, and it is unprofitable for the United States to attempt more than to check the Soviet Union. In any event, the Pacific, under secure United States control, remains as a further safeguard.

19. There is no prospect of an early solution of the political and economic problems of China. Neither the National Government nor the Chinese Communist Party is capable of obtaining a military decision, nor is it possible to pacify the country by political means. The economic situation, normally bad, is rendered increasingly acute by astronomical inflation; no solution is in sight. The best prospect is for a prolonged stalemate; the worst, for further disintegration.

20. The stalemate in Korea can be broken only by yielding to terms which would in effect surrender that country to the U.S.S.R. as a satellite. United States efforts to make the best of the status quo must be conducted in the face of persistent Soviet subversive activity and propaganda pressure.

21. In contrast, the political situation in Japan is well in hand, although the economic situation is difficult.

22. In Latin America local Communists, isolated from direct Soviet support and operating within the power orbit of the United States,

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cannot seize and hold political control. The U.S.S.R. therefore pursues limited objectives in that area, its major purpose being to attenuate Latin America's capacity and willingness to give aid to the United States in the event of war. This policy has already succeeded to such an extent that the U.S.S.R. can probably count on its undercover organizations and upon Communist-controlled key labor unions to cut off U.S. access to some of Latin America's strategic materials whenever the U.S.S.R. considers such action desirable. The recently concluded defense pact opens the way to marked improvements in cooperative military defense, but does not affect the scope and direction of these Communist activities and purposes.

23. Recapitulation.

- a. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States.
- b. The U.S.S.R. is presently incapable of military aggression outside the continents of Europe and Asia, but is capable of over-running continental Europe, the Near East, northern China and Korea.
- c. The U.S.S.R. is unlikely to resort to open military aggression in present circumstances. Its policy is to avoid war, to build up its war potential, and to extend its power and influence by political, economic, and psychological methods. In this it is consciously conducting political, economic, and psychological warfare against the United States.
- d. The greatest danger to the security of the United States lies in the possibility of economic collapse in Western Europe and the

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consequent accession to power of Communist elements.

e. Stabilization and recovery in Europe and Asia would tend to redress the balance of power and thereby to restrain the U.S.S.R.

f. From the point of view of redressing the balance of power the order of priority, in terms of both urgency and importance, is

- (1) Western Europe.
- (2) The Near and Middle East.
- (3) The colonial (and former colonial) areas of northern Africa and southern Asia.
- (4) The Far East (China, Korea, Japan).

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